



Steve Wilson of FastPencil: Why the Next Chapter of Book Publishing Is 'Going to Be Monumental'

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High-tech e-book gadgets are one thing that is revolutionizing publishing. If companies like Silicon Valley startup FastPencil get their way, new social-networking-based self-publishing services will be another. FastPencil is what CEO Steve Wilson calls a "next-gen" publisher, which uses social networking and an arsenal of widgets to take authors through their book projects from the drawing board to the bookshelf, potentially for as little as \$10. The key, says Wilson, is that FastPencil gets involved with authors as they write their books -- not after, as traditional and other online publishers do.

On April 30, Wilson will be in New York City to discuss what companies like his mean for the industry as a panelist at "[The Future of Publishing](#)," a conference co-sponsored by Knowledge@Wharton, Wharton School Publishing and the Wharton Interactive Media Initiative. Before heading to the East Coast, however, Wilson caught up with Knowledge@Wharton to discuss how FastPencil's motto -- "Write once, publish anywhere" -- is turning traditional book publishing on its head.

An edited transcript of the conversation follows.

Knowledge@Wharton: As you know, there is a shift going on from physical books to digital book production and distribution. How do you see the transformation of the book publishing business and what are the implications for the different stakeholders?

Steve Wilson: That's not the only shift going on. There are a lot of different shifts transforming this entire industry. From an e-book perspective, we were at [the Consumer Electronics Show in Las Vegas in January] and we saw probably 25 e-book manufacturers -- just to show how crazy that specific area is getting. We have predicted that by 2013 or 2014, the e-book market is going to go from a market worth a couple hundred million dollars to almost \$2 billion. [The growth] is forcing traditional publishers and online publishers to take notice. Traditional publishers have been fairly slow to adopt e-books. We know a lot of authors who can't even get their e-books out there, which is causing quite a lot of frustration among the author community.

FastPencil's motto is, "Write once, publish anywhere." What we do -- and it's where we think other companies are going to be cropping up -- is take content and reformat it to fit any channel, whether it's a Kindle channel, a Sony eReader, an iPhone or a traditional channel with a hard copy book. You put your content into FastPencil one time and we are able to modify it for any channel. All authors have to worry about is writing and not having to deal with the different formats.

Knowledge@Wharton: What do you see as your competition in e-publishing? Do you see companies like social-publishing site Scribd, for example, as your competitors? How does FastPencil set itself apart from all the people trying to take advantage of digital publishing?

Wilson: We really don't see Scribd as one of our competitors because Scribd is a marketplace. There are a lot of companies that have joined that fad, which focuses on the back end [or] the marketplace space where anyone can post content and sell via that marketplace. FastPencil also has a marketplace, but we consider Scribd more of a partner than a competitor because we can push



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our finished content to a Scribd, an Amazon or other global marketplace to assist our authors in selling their books. What FastPencil does very differently than everyone else is that we are an end-to-end solution under one umbrella. Whether you need an authoring tool, a collaboration tool, a formatting tool to [create] a book that is Barnes & Noble-type quality, or to send [a book] to thousands of channels -- e-book as well as traditional -- and then getting assistance with the promotion piece, it's the end-to-end solution that we do very well.

A lot of our competition in the online space will tell an author to finish a book and then upload it onto their site. They will publish it for you and potentially help with some of the distribution. FastPencil is very different. We are built on a social network and provide numerous templates and options for the authoring of books and assisting an author -- whether that's bringing in their network of friends to help them read and comment [on the work] or complete revision control with our tools, as well as reaching out to FastPencil's network of professional editors, illustrators, book designers and so on. Authors have their personal network, as well as FastPencil's much larger network, to assist them in completing what are the most difficult stages -- the writing, formatting and completion of a book. We are built on a social network and we bring in many social media outlets to start your following as you write your book [instead of waiting until] you are done with it, which is what most companies today focus on.

Knowledge@Wharton: You push the book out to all sorts of e-book readers. Do you also provide hard copies for printing on demand?

Wilson: That's correct. We have the ability to print on demand or print with much larger runs. Most of our authors focus on on demand. The emerging trend is the on-demand e-book generation [in which] you keep no inventory. The inventory of tomorrow is not going to be like a Barnes & Noble brick-and-mortar inventory. It is going to be limitless. You are going to be able to sell your books through all these channels and what we will see is people buying books not by going to a bookstore and browsing. They will buy books based on word-of-mouth and the social media aspects that we are adding to FastPencil. ... Look at Obama's book and many other books that have been successful over the last year. [Sales] were driven almost fully by social media and that's how they were incredibly successful.

Knowledge@Wharton: Do you facilitate getting books into Barnes & Noble, Borders or other physical bookstores? Or is that up to the author?

Wilson: We can potentially assist there. Barnes & Noble has taken a stand that it is not necessarily going to focus on mid-level authors anymore. It is going only after top-tier authors for inventory.... We certainly can assist [authors]. We have relationships with Barnes & Noble and many others. But most of our authors are not yet in the top tier that Barnes & Noble would put in its stores right now.

Knowledge@Wharton: You talked about the use of social media and how FastPencil works with authors. Can you give me an example of a couple of books for which you have done these things and what kind of results you got?

Wilson: FastPencil launched to the public in July 2009. Since then, we have had thousands and thousands of not just customers, but also book projects. We've already published hundreds of new titles and we have had a couple pretty successful titles.

I'll give you a start-to-finish social media interaction. As I mentioned, you can generate interest in a book while you are writing it on FastPencil. [It could mean] introducing your audience, or your following if you will, to your book after you are done with one chapter and asking for advice for future chapters. You are not necessarily "crowd sourcing," but asking your audience to participate in the final product, which is very exciting to an audience and it is going to really draw them closer to that book. We also have incorporated FastPencil into Facebook and social media [sites] such as Twitter. As you update your status in FastPencil, it is copied to all those channels and you can track the status of your book while you are writing it, not when you are finished.

Then we generate social media outlets for individuals to sell their book. We are creating widgets that authors can put on their web sites, or at the bottom of their emails, and in all of their [social media profiles], so if you are friends with [FastPencil] authors on any of these [sites], you can buy that books

anywhere as opposed to going to Barnes & Noble or even FastPencil. The widgets will automatically allow you to buy a book right then and there, which is very useful to an author.

We have one individual who we would call a thought-leader, a child psychologist. He wrote a book and didn't know what to do with it. He came to FastPencil early on and we hooked him up with some illustrators, editors and book designers. He published his book and it was on the street in 90 days.... If you know anything about traditional publishing, to do it in a year and a half to two years would probably be remarkable. Since then, we have had about 20 book reviews by very notable reviewers in high-profile magazines, newspapers and TV shows, and now his book is on YouTube. We've printed thousands of copies and this guy, who didn't even know if he was going to be able to publish, has produced a fantastic work with the help of FastPencil and is hoping to sell tens of thousands of copies of his book.

Knowledge@Wharton: Who is your customer? From what you are saying, it sounds like your customer is the author. Is that right?

Wilson: An author is definitely one of our customers. Another is the individual, who wants to assist authors in our marketplace. If individuals have expertise in the illustration world; as an editor or as a book designer, they can come to the FastPencil marketplace and display their portfolios. FastPencil connects those individuals to authors, who have the ability to look at portfolios and see if that style works for them. Then they reach out to individuals and we facilitate the connection socially.

Knowledge@Wharton: What is your strategy with authors? How do you acquire authors? Do you aim to get a few authors, who will have bestsellers, or a large number of authors all across the board?

Wilson: 2009 was all about refining our service. It was initially about aspiring authors, individuals for whom we are breaking down barriers from start to finish to get a published book into their hands or onto the Internet. Now we feel like we have proved that concept and put a check mark in that box, so we are pursuing what we feel is a much bigger sweet spot for FastPencil and that is mid-tier authors and thought leaders.

Because these individuals come with a built-in audience and network, it fits well with what FastPencil offers. Not only are we going to capitalize on those authors to help them make more money, but also their entire network could become members of FastPencil, and many of those individuals are also likely to be authors. That is going to feed the [larger enterprise]. We already have several names that I can't mention in the queue from a thought-leader perspective and, starting from the middle to end of this year, we are going to pursue mid-tier, and then higher-tier, authors.

Knowledge@Wharton: Do you expect each book in your portfolio to be profitable? And how do you ensure the profitability of your whole portfolio?

Wilson: There is no way we can ensure that a book is going to be profitable. In fact, a lot of our authors don't even care if their books are profitable. A lot of it is just like in life. It is about how much you put into the book. Some people want to just publish a book for their families so that they can leave a legacy, or print 50 to 100 copies [if] they have an expertise in something or a message to get to their families. It depends on what the motivation is of the author and we try to fulfill that as best we can, or at least enable the authors to be successful whatever their goals might be.

Knowledge@Wharton: Do you share the profits with authors or do you charge them a set fee for services rendered?

Wilson: What we do from an economic perspective is beneficial to the author. It is a different model than the traditional model. We consider ourselves to be a "next-gen" publisher, kind of in the middle of an online and a traditional publisher. Because we are set up to print on demand, individuals can go through our entire system, use all our services, and get a book printed and sent to their house for under \$10. Opening up the distribution channels requires a small fee because of the relationships we have developed for the author and when a book is sold -- whether that is an e-book or a hard cover book -- we share the profit. The author takes 80% of the profit, as opposed to the 5% -- or on a high-end, 15% -- of the profit they might get with a traditional model. We flip

that model on its head and we share 80% of the profit with the author. We think that the economics are hugely beneficial for an author to work with FastPencil as opposed to another means.

Knowledge@Wharton: What strategies are you adopting to ensure that your author's books sell?

Wilson: We are trying to give authors every capability from a social networking and a channel perspective to get their books out there. I cannot ensure that a book is going to sell. That's what an audience is going to determine. There have been a lot of good books that, for one reason or another, have not sold, not necessarily on our networks but other networks. I can't guarantee that a book is going to sell 1,000 copies or 100,000 copies. We can hopefully provide the means [to sell the book] from a social networking and distribution perspective, giving that book every opportunity to sell.

Knowledge@Wharton: As you deal with authors and as the digital publishing landscape evolves, do you think that big advances for authors are dead, or that the economic relationship between authors and publishers is going to undergo some changes?

Wilson: I think the latter. It will go through a lot of changes. I'm not sure that advances are dead altogether. One of the reasons that advances are preferential for authors is that they get money upfront. But a lot of times they don't get any more money, or the next check from a publisher is a couple years down the road. There was a very famous *New York Times* article about a bestselling author who sold hundreds of thousands of copies of her book and ended up making, I think, \$38,000. She was irate, so irate that she went to *The New York Times* and told her story.

If you are selling hundreds of thousands of copies of your book, you are going to make hundreds of thousands or millions of dollars with this model, which is much more beneficial than what we are seeing today. We are not even opposed to paying a top-tier author upfront. I don't think that that's going away any time soon. Certainly the John Grishams and the Tom Clancys can command that. But the segment that is going to be in disarray because traditional publishing is not necessarily pursuing it anymore, is the mid-tier, the authors who previously were taken in by traditional publishing, sold tens of thousands of copies, and might have made \$5,000 to \$15,000, or \$20,000 perhaps. Traditional publishing is rejecting that tier now.

Knowledge@Wharton: Who retains the copyright?

Wilson: With our model, the author retains the copyright. It is one of the challenges that authors have with traditional publishing. Traditional publishers want all the rights, even electronic rights when they have no intent of distributing a book electronically, which has become very frustrating. There is a rights war going on now. In the future, authors are going to allow a traditional publisher to have the hard copy rights, but retain the digital or electronic rights, so that they can go to a self-publisher or an online publisher like us as opposed to essentially being held hostage. Now, the traditional publishers are concerned that it is going to cannibalize their hardcover or softcover business. I think the margins for them are significantly exposed if they do not retain electronic rights.

Knowledge@Wharton: I know that FastPencil is relatively young. What has surprised you most since you started it?

Wilson: Maybe one of our fears early on was that there were going to be a lot of copycats. But this industry moves so slowly and that's one of the surprising things for us. For traditional publishing especially, it takes a long time to go from step one to step two. In a lot of ways, that is positive for us, but it is also tough in a lot of ways.

Knowledge@Wharton: What has challenged you the most?

Wilson: The challenge is just making sure that the audience knows all the differentiation we bring. We're not just a self-publisher or an online publisher. We bring much more and the most challenging thing is bringing that to the attention of consumers. The consumer space is a very challenging now with so much information out there.

Knowledge@Wharton: Are there any questions you wish I had asked but haven't?

Wilson: You were pretty comprehensive. I guess my thought is that the next two to three years are going to be monumental. So we are hopefully poised to be one of the dominant players. We are excited about it.

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